

Memorandum

To: Panel Members Date: October 24, 2002

From: Diana Torres, Manager Analyst: R. Negrete
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **Experian Information Solutions, Inc.**
www.experian.com

CONTRACTOR:

- Training Project Profile: Retraining: Companies with out-of-state competition
- Legislative Priorities: Stimulating Exports/Imports
- Type of Industry: Services
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 6,400
 - In California: 1,367
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$582,960
- Substantial Contribution: \$0
- Total ETP Funding: \$582,960
- In-Kind Contribution: \$877,080
- Reimbursement Method: Fixed-Fee
- County Served: Orange
- Duration of Agreement: 24 months

SUBCONTRACTORS:

Learning Patterns.Com, Inc. of Berkeley, California – \$33,000 to provide Computer Skills (Java) Class/Lab training.

Training Funding Partners of Irvine, California, - \$29,148 to provide a portion of project administration services.

THIRD PARTY SERVICES:

The Applicant states that Training Funding Partners provided assistance in conducting the training needs assessment; developing the Training Plan and Curriculum; and other Application requirements for a flat fee of \$24,000.

NARRATIVE:

Experian Information Solutions, Inc. (Experian) was founded in 1897 as the Chilton Company, and acquired by TRW's Information Systems & Services Division in 1989. In 1996, it was renamed Experian, and was acquired by Great Universal Stores (GUS). Now a GUS wholly owned subsidiary, Experian is a global supplier of information services with 11,700 worldwide employees and 6,400 employees in the US, and is one of the top credit-reporting agencies in the United States. Its Costa Mesa and Orange, California North American corporate headquarters have 1,367 full-time employees, the majority of whom provide support services to Experian offices and clients in the United States and Canada. Experian's products and services are provided by four business segments: Information Services (primarily credit reporting to provide for improved, more timely business decisions); Decision Support (includes scoring models to allow highly predictive measures of risk or opportunity); Target Marketing (maintains databases that provide geographic, demographic, financial and behavioral information on millions of consumers); and, Outsourcing (includes customer service/call centers and customer account processing). Experian's competitors include Equifax, TransUnion, Harte-Hanks, and Acxiom. It has invested \$26 million in computer hardware, software, and research and development technology in the current fiscal year.

Experian is eligible as a corporate headquarters for funding under the out-of-state competition provisions in Title 22, California Code of Regulations, Section 4416 (d)(1) for retraining of current employees that provide internal support functions for company facilities outside California. The following job functions/units have been determined eligible for ETP funding: Client/Analytical Services, Client Support, Data Operations, Decision Support, E-commerce, Finance/Legal, Fraud Detection/Prevention, Human Resources, Information Services, Information Technology, Marketing/Communications, Operations/Production, Program Management, Product Development, and Processing/Database Services, Research/Development, Sales Support/Business Development, Solutions Management, and Strategic Alliances/Partnerships.

NARRATIVE: (continued)

In September 2002, an external consultant study surveyed a large sample of Experian customers regarding their satisfaction with Experian's products, services and support. The study identified areas where Experian needed to improve service levels and support to customers as compared to its competitors, and cited these areas as major factors in customer's decisions to do business with their competitors. Recommended improvements require streamlining existing processes, having the right people available to make decisions quickly, and providing a more responsive customer-focused approach to providing service and support. In addition, Experian has found that customers now demand instant, Web-based access to information and solutions. To expand its market share, Experian must implement two key business strategies to continue as an information solutions industry leader: 1) make a culture shift to a customer-focused, solutions provider and 2) develop a Web-based, e-business strategy.

Shift to a Customer Focused, Solutions Provider

The consultant report recommended that Experian streamline existing company processes so that company employees can provide a more responsive customer-focused approach to providing service and support. In addition, Experian's acquisitions from 1997 through 2002 have not yielded the expected business growth, in part because of a failure to fully integrate the acquired company capabilities into the rest of Experian's businesses. Lack of integration has resulted from not considering differences in organizational culture, which has led to lack of cooperation and information sharing, and unwillingness to adopt common processes and systems. The overall impact on Experian has been missed cross-selling opportunities, redundant systems and customer information, added complexity, and employee frustration in trying to get things done. As the Company recreates its business model, new approaches to all aspects of customer interface must be addressed to create a single company culture based on becoming a customer-focused, solutions provider.

Web-Based E-business Strategy

Experian customers demand Web-based access to all Experian business segments; therefore, a Web-based, e-business strategy is essential for continued success in an information driven product and service industry. Experian's web-based e-business strategy consists of four elements: 1) enabling client e-commerce by leveraging Experian's consumer information and applications assets, 2) supporting the consumer buying process with relevant, "high value" and timely information, 3) enabling business-to-business e-commerce with Web-delivered information and applications, and 4) the development of strategic alliances and partnerships to complement Experian's core strategic competencies.

In order to incorporate a customer focused, solutions provider corporate culture and implement the e-commerce strategy, Experian must provide a company-wide training program, and requests ETP support in this effort.

NARRATIVE: (continued)

Experian has developed a Menu Curriculum to train 820 employees from business units determined as eligible by ETP. The Menu Curriculum consists of 30–110 hours of Class/Lab training, and 8 – 50 hours of Computer Based training. ETP-funded training will equip retrainees with the skills to enable the company to become a customer-focused, solutions provider, and to implement a Web-based, e-business strategy. The company expects that ETP-funded training will result in a five to ten percent increase in company revenues, and a ten point increase in the customer satisfaction index.

Business Skills: Business Skills training in Products and Services, Leadership Development and Sales, and Customer Service will provide sales, client services, and data management employees with a detailed understanding of all company product and service offerings to enable these employees to transition to becoming “solutions” providers rather than information providers. Employees in all areas of the company will be provided leadership development training, providing them the tools to become decisive leaders in a rapidly evolving business environment. The leadership development training is a key element in the successful conversion of trainee skills as they shift from information providers to solutions providers. The Sales and Customer Service training for sales, client services, data management and IT employees will emphasize the new sales and customer service models being developed to address the Web-based product and services delivery approach and the solutions-oriented sales and customer service approach. Lastly, process and workflow training will emphasize the shift to the new Customer Relationship Management System, the new Oracle Financial System utilizing a new Windows System for employees in all areas of the company.

Computer Skills: Computer Skills Class/Lab training on the new Siebel Customer Relationship Management System, Oracle Financial System, and Windows System conversions will be provided company-wide to end-user employees. Multiple, non-interfacing systems will be eliminated and replaced by these new multifunctional, multi-departmental systems. These conversions will create a streamlined, seamless approach to tracking, reporting, analyzing, transferring to and communicating information between internal and external customers. The conversions will also end the duplication of information and the cumbersome process of updating one system with the more current information of another separate system. In addition, IT employees will be provided Web based languages and tools such as Java and Interwoven, information security software on the Web, programming tools and applications training required to support the new Siebel, Oracle, Windows Systems and Web-based implementations. Company IT employees will have a major role in creating Web-enabled products and services as the company shifts to an e-business model.

There is no structured, on-site training in this Agreement.

Supplemental Nature of Training

Experian Information Solutions, Inc. has certified in writing that ETP-funded training is supplemental to training that it provides in the normal course of doing business. Experian normally provides new-hire orientation, business overview, product knowledge, and basic computer skills and job-specific skill training. It also provides a tuition reimbursement program for trainees to further their education, and pays for employees to participate in seminars in specialized topics related to its business. Company-sponsored training expenditures are approximately \$3.5 million per year.

The proposed ETP-funded training is in addition to the company's current training, and is designed to address the new skill requirements related to process changes associated with the culture shift to a customer-focused, solutions provider and a Web-based, e-business strategy. The training is directly related to the two major competitive challenges and was designed to address those challenges. ETP-funded training will provide retrainees with the new job skills that will be required for the Company's successful implementation of their new business strategies.

In-Kind Contribution

The total employer in-kind contribution is projected at \$877,080 for wages and fringe benefits that will be paid to trainees during training.

COMMENTS:

Of the 820 proposed retrainees, 765 (93 percent) meet the Title 22, CCR 4400(ee)(1) and (3) definition of a frontline worker. The remaining 55 retrainees (7 percent) are Managers.

Senior Policy Staff

Experian Information Solutions, Inc., representatives state that no senior policy executives who create or implement company policy will be enrolled in the proposed ETP-funded training.

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement, if funds are available and the project meets Panel priorities. This project will ensure that Experian Information Solutions, Inc. will be able to provide its employees the skills to enable the company to make a culture shift to a customer-focused, solutions provider and implement a Web-based, e-business strategy. This training will enable the company to remain viable in the California economy.

TRAINING PLAN:

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Hours	No. CBT Hours	Cost per Trainee	Hourly Wage after 90 days
Retrainees						
Job Numbers 1 - 6	Menu Curriculum: Business Skills, Computer Skills	820	30 - 110	8 - 50	\$480 - \$1,830	\$11.66 - \$53.03
						<u>Range of Hourly Wages</u> \$11.66 - \$53.03
						<u>Prevalent Hourly Wage</u> \$29.31
						<u>Average Cost per Trainee</u> \$711
<u>Health Benefits used to meet ETP minimum wage:</u> N/A					<u>Turnover Rate</u> 15%	<u>% of Managers to be trained</u> 7%

EXPERIAN INFORMATION SOLUTIONS, INC.
MENU CURRICULUM

Hours
Class/Lab
30 – 110

Trainees will be provided any of the following:

A. Computer Skills

Customer Relationship Management System (CRM)

- Engineering, design and support programs
- Application tools for trouble-shooting, functionality, security, and integration

Network Security/Advanced Network Security

Oracle Financial System

- Engineering, design and support programs
- Application tools for trouble-shooting, functionality, security, and integration

Research and Development Programs for design of Web-based products and services

Web-based Products and Services Support Programs

Java Programming

Interwoven Programming

Windows Systems Support Programs

- Application tools for trouble-shooting, functionality, security, and integration

Object Oriented Analysis and Design

Customer Relationship Management System

Windows Operating System/Applications Upgrade

Oracle Financial System

B. Business Skills

Product and Services Cross Training

Customer Service Training

Sales Process Training

CRM Linked Process and Workflow Changes

Oracle Financial System Linked Process and Workflow Changes

Leadership Development Program

EXPERIAN INFORMATION SOLUTIONS, INC.
MENU CURRICULUM

Job Numbers 2, 3, 4 & 6

CBT
Hours

8 – 50

Trainees may complete any of the following:

Computer Skills

Java

Web-based Product Design Tools

Systems Support Tools

Upgraded Windows System and Applications

Oracle Financial System

Business Skills

Selling Solutions

Communication and Leadership Skills

Project Management Skills

Customer Service Skills